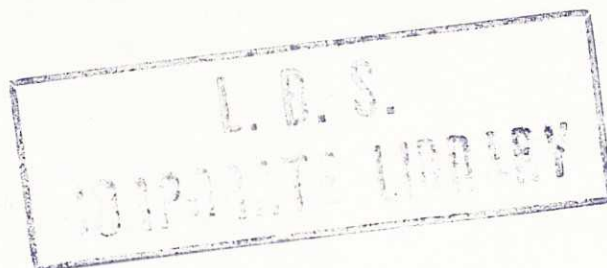


The Boots Company Ltd Report and Accounts

FOR THE YEAR ENDED 31st MARCH 1972



Notice of annual general meeting

Notice is hereby given that the annual general meeting of The Boots Company Limited will be held at 1 Thane Road West, Nottingham, on Thursday the 20th day of July 1972, at 12 noon.

The business of the meeting will be:

- (a) To receive the directors' report and statement of accounts and the auditors' report thereon.
- (b) To declare a dividend.
- (c) To elect directors.
- (d) To fix the remuneration of the auditors.
- (e) To transact any other business which may be dealt with at the annual general meeting.

NOTES

1. Any member entitled to attend and vote at the above-mentioned meeting is entitled to appoint one or more proxies (who need not be members) to attend and vote in his stead.
2. In accordance with the general undertaking which the company has given to The Federation of Stock Exchanges, a statement of transactions of directors (and of their family interests) in the shares of the company will be available for inspection at 1 Thane Road West, Nottingham, on any weekday (Saturdays excluded) from the 22nd June to 20th July 1972, during usual business hours, and on 20th July 1972 from 11.45 a.m. until the conclusion of the meeting.

By order of the board,
H. T. MILNES,
Secretary.

Dated this 22nd day of June 1972.

Directors

Chairman	W. R. NORMAN
Managing director	G. I. HOBDAY
	D. E. M. APPLEBY
	J. H. ARKELL, C.B.E.
	L. A. COOMBS
	B. JEFFERIES
	SIR JAMES PITMAN, K.B.E.
	LORD REDMAYNE, P.C., D.S.O.
	A. D. SPENCER
	M. J. VEREY
	A. G. S. WILKES
Secretary	H. T. MILNES
Registered office	1 THANE ROAD WEST, NOTTINGHAM, NG2 3AA
Bankers	NATIONAL WESTMINSTER BANK LTD.
Auditors	PEAT, MARWICK, MITCHELL & CO.

Principal companies

PARENT	The Boots Company Ltd.	Manufacturers and wholesale distributors of pharmaceuticals, drugs, fine chemicals and toilet preparations.
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SUBSIDIARIES (wholly owned except where indicated)
INCORPORATED IN GT. BRITAIN

Boots The Chemists Ltd.	Retail chemists
Boots Pure Drug Co. Ltd.	Management company
Boots International Ltd.	Management company
Boots Farm Sales Ltd.	Agricultural and veterinary suppliers
Timothy Whites and Taylors Ltd.	Retail houseware
*Whites Property Co. Ltd.	Property holding
The Crookes Laboratories Group Ltd.	Manufacturing and wholesale chemists
Crookes Anestan Ltd.	Manufacturing and wholesaling of toilet preparations
Watts Brothers (Manchester) Ltd.	Wholesalers of hairdressers' requisites
British Saccharin Sales Co. Ltd. (51%)	Wholesalers of saccharin

INCORPORATED OVERSEAS

Australia	The Boots Company (Australia) Pty. Ltd.	Manufacturing and wholesale chemists
France	Les Etablissements C. David Rabot, S.A. (80%)	Manufacturing chemists
	Laboratoires Dacour, S.A. (80%)	Wholesale chemists
India	The Boots Company (India) Ltd. (60%)	Manufacturing and wholesale chemists
Italy	Boots-Formenti S.p.A. (55%)	Wholesale chemists
Kenya	*Kenya Overseas Co. Ltd.	Manufacturing and wholesale chemists
New Zealand	Boots The Chemists (New Zealand) Ltd.	Retail chemists
Nigeria	The Boots Company (Nigeria) Ltd.	Wholesale chemists
Pakistan	The Boots Company (Pakistan) Ltd. (56½%)	Manufacturing and wholesale chemists
Singapore	The Boots Company (Far East) Pte. Ltd.	Wholesale chemists
South Africa	The Boots Company (South Africa) (Pty.) Ltd.	Manufacturing and wholesale chemists

*Shares held by subsidiaries of The Boots Company Ltd.

Report of the directors



The directors submit their eighty-fourth annual report to shareholders, together with the audited accounts for the year ended 31st March 1972.

Profits, dividends and retentions

The group profit and loss account shows a profit before taxation of £34,242,000 compared with £24,953,000 for the previous year, and a profit after taxation of £19,699,000 as against £14,308,000.

The profit after taxation attributable to the shareholders is £19,613,000 compared with £14,222,000 for the previous year.

The directors recommend the payment of a final dividend of 14% to shareholders, which together with the interim dividend already paid, makes a total of 22% for the year.

The remainder of the group net profit after paying these dividends will be £9,818,000 which the directors recommend should be transferred to reserves.

Further details are shown on page 15.

Acquisition

On 4th August 1971, the Crookes group of companies was purchased from the Arthur Guinness group. The results of the Crookes group are included in these accounts for the five months to 31st December 1971, and do not significantly affect profits.

Principal activity

The principal activity of the group is that of retailers of chemist and other merchandise, and the manufacture and wholesale distribution of pharmaceuticals, drugs, fine chemicals and toilet preparations. Fuller details are shown on page 2.

Change of name

On 1st September 1971, the name of the parent company was changed from Boots Pure Drug Company Limited to The Boots Company Limited.

Fixed assets

The directors are of the opinion that the market values of the properties of the group, which are all employed in the business, are substantially in excess of the net book value of £73,174,000 shown in the group balance sheet.

Details of movements of fixed assets are shown in note 8 on page 20.

Exports

Exports from the UK in the year amounted to £7,273,000.

Employees

The average weekly number of employees in the UK during the year was 58,772 which included 22,058 part-time staff. The aggregate remuneration paid to these employees was £45,994,000.

Charitable and political payments

Payments totalling £40,000 have been made during the year for charitable purposes.

A payment of £5,000 was made during the year to British United Industrialists.

Directors

Election of directors

Mr. J. H. Arkell, C.B.E., retires by rotation in accordance with article 100 and offers himself for re-election.

Sir James Pitman, K.B.E., retires in accordance with article 109 and offers himself for re-election.

Mr. K. H. Harper, F.P.S., retired from the board on 31st December 1971.

Directors' shareholdings and transactions

The names of the directors and their interests in the share and loan capital of the company are shown opposite page 24.

Auditors

The auditors, Messrs. Peat, Marwick, Mitchell & Co., are willing to continue in office and a resolution concerning their remuneration will be proposed at the annual general meeting.

By order of the board
H. T. MILNES,
Secretary.

22nd June 1972.

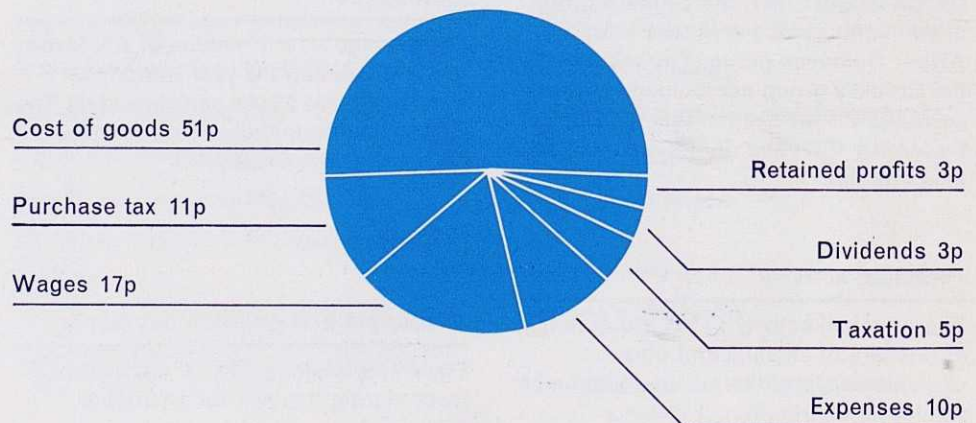
Group highlights

for the year ended 31st March 1972

		Increase over previous year
Net world sales	£303.5 million	17.9%
of which:		
Sales in the UK	£287.8 million	17.5%
*Exports from the UK	£ 7.3 million	31.5%
Sales by overseas subsidiaries	£ 9.6 million	23.9%
Profit before taxation	£ 34.2 million	36.8%
Profit after taxation, attributable to shareholders	£ 19.6 million	37.7%
Earnings per share	11.0 p	
Dividends to shareholders	£ 9.8 million	
Gross dividend per share	5.5 p	
Retained in the business	£ 9.8 million	
Capital employed	£125.2 million	
on which the profit (before interest and taxation) represents a return of	28.0%	
Capital expenditure during the year	£ 10.6 million	

* Includes £1.2 million to overseas subsidiaries.
For further details see group financial record on pages 22 and 23.

Breakdown of £1 sales



Statement by the Chairman

Mr. Willoughby R. Norman

Trading Year

It has been a successful year in every way and all our trading activities have made substantial progress. Our retail operations have naturally benefited from the big injections of money into the economy by way of tax reductions, but purchase tax cuts bring immediate losses in stock values as well as stimulating subsequent sales. It is satisfactory that all the non-retail aspects of our business also prospered, which I think speaks well for the management skills operating throughout the organisation.

World sales were £303m., an increase of 18%, and although steep inflation accounted for some of this about half the increase was real volume. The 18% increase compares with a sales increase of 15% last year, which until then was the largest in the last 20 years. Gross margins were satisfactory and in spite of steeply rising costs of all kinds expenses were well held and improved efficiencies applied. We were one of the companies signing the Confederation of British Industries price restraint undertaking.

With the change in the parent company's name we carried out some re-organisation of our main operating subsidiaries with a view to making them more autonomous. They are now each responsible and accountable for all their activities, each having a working Board and Management Committee meeting regularly. The Directors of these subsidiary companies are listed on page 24. Later in this report when I refer to our affairs in more detail I deal with them under the appropriate company heading.

Profit and Taxation

Group profit before tax was £34,242,000, an increase of 37%. Taxation amounts to £14,543,000, thereby leaving a net profit of £19,699,000. At the time of our offer for Glaxo we gave a forecast of £33½m. for the year's profits. It will therefore be seen that this forecast has been comfortably exceeded and particularly so when it is remembered that this is after a further tax loss of about £1m., then unknown, as a result of purchase tax reductions in the Budget of last March.

The overseas subsidiaries have as before operated the calendar year, and for the purpose of these accounts the Crookes group accounts have only been consolidated for five months.

Again at the time of the Glaxo offer we announced that in the absence of unforeseen circumstances we would recommend a total dividend for the year of 22%, and this is what your directors now propose. An interim dividend of 8% was declared last November and the final now recommended is accordingly 14%. The total of 22% compares with 19% last year and leaves the dividend twice covered and with retained earnings of £9,818,000.

Boots The Chemists

This company owns and operates all the 1,398 chemist shops, which range in size from under 1,000 to about 40,000 sq. ft. of selling space. Sales were consistently good all through the year and, including dispensing, increased by 17% compared with 14% last year for all our retail sales. Sales of cosmetics and toiletries were above average. We had further introductions

of Own Brands and particularly of higher priced equipment in the Audio, Photographic and Electrical departments.

We take every opportunity to improve and add to our shop premises. New alternative branches have been opened in Wood Green, Balham, Blackburn, Romford and Ryde. We are represented for the first time by branches at Chelmsley Wood, Swanley, Runcorn (New Town) and in the new shopping centre at Salford, and we modernised or refitted during the year 130 other shops. New methods of giving better service to our customers are continually being explored and we now have nine full self-service branches as well as a number of experimental specialist shops. Altogether selling space was increased by approximately 200,000 sq. ft. at a cost of £5¼m.



During the current year large new shops will be opened in Salisbury, Perth, Ayr, Huddersfield, Lincoln, Swindon and Uxbridge, whilst in Nottingham we shall in the Victoria Centre open our largest shop with a sales area of 41,000 sq. ft. Modernisation of a further 120 branches is planned and the total capital expenditure envisaged is £7m.

Timothy Whites

This company owns and operates our 196 Houseware shops and the year has been a most encouraging one. Trade began slowly but steadily picked up and the company enjoyed an excellent Christmas with sales good thereafter, the year's sales increase being 27%.

New shops have been opened at Bishops Stortford, Chelmsley Wood,

Bromsgrove, Gloucester and Blackburn. A further 35 shops have been modernised, while a number which were too small have been closed, the total remaining about the same as last year. In the coming year we plan to open new shops in Weybridge, High Wycombe, Uxbridge, Scunthorpe, Huddersfield, Greenock and Bracknell and to bring a further 68 branches up to our required standard.

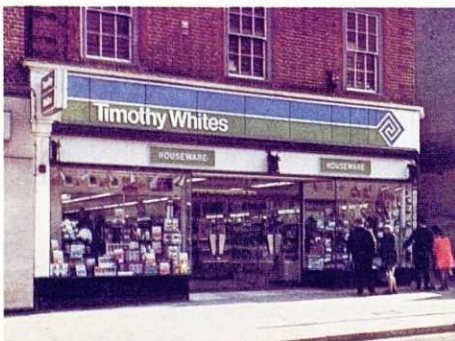
We are determined to establish a reputation as specialists in kitchenware, tableware, electrical, garden and leisure products. Our development of Timothy Whites Own Brand products in many ranges of merchandise offers extra value to customers and complements the wide range of national brands from our suppliers.

We are trading up all the time, margins are improving and expenses are being contained. When we are satisfied that this operation can produce the return on capital we expect, the rate of its expansion will be increased.

Boots Pure Drug Co. Ltd.

This subsidiary, which bears the former name of the parent company, is now the management company for our non-retail home activities, and its responsibilities cover all manufacturing and marketing in the U.K. Many of the wide range of products manufactured are sold as Own Brands in our shops, while others are available generally to relevant outlets throughout the country.

All the marketing areas did well during the year. Sales of Boots prescription medicines increased by 25% and Brufen by 50%. The acquisition





The Boots Company Ltd

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of The Boots Company Limited will be held at 1 Thane Road West, Nottingham, on Thursday the 17th day of July 1975, at 12 noon.

The business of the meeting will be:

- (a) To receive the directors' report and statement of accounts and the auditors' report thereon.
- (b) To declare a final dividend.
- (c) To elect directors.
- (d) To fix the remuneration of the auditors.
- (e) To transact any other business which may be dealt with at the annual general meeting.

Notes:

1. A member entitled to attend and vote may appoint one or more proxies (who need not be members) to attend and vote instead of him.
2. A statement of transactions of directors (and of their family interests) in the shares of the company will be available for inspection at 1 Thane Road West, Nottingham, on any weekday (Saturdays excluded) from the 19th June to 16th July 1975, during usual business hours, and on 17th July 1975 from 11.45 a.m. until the conclusion of the meeting.
3. No director of the company has a service agreement.

DATED this 19th day of June 1975.

By Order of the Board,
D. N. EDMUNDSON, Secretary.

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of The Boots Company Limited will be held at 1 Thane Road West, Nottingham on Thursday the 17th day of July, 1975 at 12.05 p.m. or so soon thereafter as the Annual General Meeting of the Company shall have been concluded or adjourned for the purpose of considering and, if thought fit, passing the following Resolutions of which Resolutions 1 and 2 will be proposed as Ordinary Resolutions and Resolution 3 will be proposed as a Special Resolution.

ORDINARY RESOLUTIONS

1. THAT the authorised Share Capital of the Company be increased from £50,000,000 to £100,000,000 by the creation of 200,000,000 additional Ordinary Shares of 25p each.
2. THAT it is desirable in pursuance of Article 138 of the Articles of Association of the Company to capitalise the sum of £44,520,992 being as to £3,289,140 out of the amount standing to the credit of share premium account and as to £41,231,852 out of the amount standing to the credit of revenue reserves of the Company and that such sum be capitalised accordingly and be applied in paying up in full at par 178,083,968 Ordinary Shares of 25p each in the capital of the Company and that such Shares so paid up be distributed amongst those persons who were registered at the close of business on the 9th June, 1975 as holders of the issued Ordinary Shares of the Company rateably according to their respective holdings in the proportion of one new Ordinary Share for every Ordinary Share held by them respectively at the close of business on the said 9th June, 1975 and that the Directors be authorised and directed to apply the said £44,520,992 and to issue the said 178,083,968 Ordinary Shares accordingly upon terms that such new Ordinary Shares shall rank for any dividends declared and paid on the Ordinary Shares on and after 18th July 1975 and in all other respects *pari passu* with the existing issued Ordinary Shares.

SPECIAL RESOLUTION

3. THAT Article 88(A) of the Articles of Association of the Company be deleted and the following substituted therefor:—

"88(A) Each of the Directors shall be entitled to remuneration for his services of such an amount not exceeding £5,000 per annum as the Directors shall from time to time determine or such other sum as the Company may in general meeting from time to time determine. The Directors shall also be entitled to be paid their reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings or otherwise incurred while engaged on the business of the Company."

DATED this 19th day of June, 1975.

By Order of the Board,
D. N. EDMUNDSON, Secretary.

Registered Office: Nottingham NG2 3AA

Note: Any Member entitled to attend and vote at the above Meeting may appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a Member of the Company. If the Resolution is duly passed at the Extraordinary General Meeting, renounceable Share Certificates will be posted to the Ordinary Shareholders on 25th July, 1975. Application will be made to the Council of The Stock Exchange, for the new shares to be admitted to the Stock Exchange Daily Official List. Subject to such listing being granted, dealings in the new shares will commence on the 28th July, 1975.

The directors would be glad to have an opportunity of meeting shareholders who will be attending. Refreshments will be served prior to the meetings from 11.15 a.m.



The Boots Company Ltd

Registered in England No. 27657

Registered Office : Nottingham NG2 3AA

Dated 19th June 1975.

To : Ordinary Shareholders

CAPITALISATION ISSUE

Reference is made in the Chairman's statement accompanying this letter to the proposal to issue new ordinary shares by way of capitalisation of reserves so that the share capital of the Company is brought more closely into balance with the reserves.

Accordingly, you will find overleaf a notice of Extraordinary General Meeting to be held immediately after the Annual General Meeting at which resolutions will be proposed to increase the authorised share capital from £50 million to £100 million, to capitalise the sum of £44,520,992 within the reserves of the Company and to issue 178,083,968 new ordinary shares of 25p each on the basis of one new ordinary share for each ordinary share held at the close of business on 9th June, 1975. The new shares will rank for all dividends declared on or after 18th July, 1975, and in all other respects *pari passu* with the existing issued ordinary shares. No issue of the shares, which will remain unissued following the capitalisation issue, will be made which would effectively alter the control of the Company or the nature of its business without the prior approval of the Company in General Meeting.

In addition to the resolutions to give effect to the capitalisation of reserves a further resolution is proposed to alter the Articles of Association in order to allow the increase of directors' fees from £2,500 per annum to £5,000 per annum. The amount of directors' fees has remained unchanged since July 1958 and in view of the fall in the value of money since that date it is considered appropriate to make this adjustment. As is made clear in the Chairman's statement, it is not proposed to make any change in the fees paid to Executive Directors.

Ordinary shareholders who are unable to attend the meeting are requested to complete and return the enclosed form of proxy so as to reach the Company's Registered Office not later than 48 hours before the time appointed for the meeting.

By Order of the Board,

D. N. EDMUNDSON,
Secretary.

Retail development programme for Boots and Timothy Whites.

Below left. Bretton Centre is a new development on the outskirts of Peterborough.

Below right. A large shop in a shopping precinct at Romford, Essex.

Lower. Two views of a largely self-service branch at Middleton, near Manchester.

Opposite. Boots and Timothy Whites side by side in a modern precinct near Birmingham.

A Babyboots branch at Falkirk.
Timothy Whites in Gloucester.



of Crookes last year extended our representation in product fields hitherto unexploited and contributed a further £700,000 of sales. The most notable contribution was from a product, Prothiaden, in the sphere of psychiatric medicine where the potential is very considerable.

The organisation engaged in the marketing of selected Boots over-the-counter products through independent chemists has now been re-organised to include the Crookes/Anestan product range. Both product ranges achieved record sales and we anticipate further substantial growth in the coming year.

Boots Farm Sales also had a successful season and sales are now well in excess of £5m., showing every sign of continuing to increase. The sale of Agro chemicals through wholesale channels increased by 16% and demonstrates the confidence of wholesale customers in products of Boots research and manufacture.

In the field of Own Brand marketing the year has been an exciting one. Sales of our major cosmetic range Number Seven, which was re-launched last year, have exceeded our most optimistic expectations. The objective of doubling sales in two years was achieved in one year, and this was done without detriment to our teenage range of cosmetics, Seventeen, which continued to increase its market share. Many new products in other inventory groups were also launched during the year.

All manufacturing plants have been kept extremely busy throughout the year. The acquisition of Crookes provided us with a factory at

Basingstoke giving us additional capacity, and the manufacture of a number of products has been transferred there to take advantage of this. The new chemical plant for the manufacture of Brufen mentioned in my last report was commissioned and is already running above its design capacity. The success of Brufen is such that a further extension is in hand. The plant is fully automatic and operates 24 hours a day. A picture of the control room appears on page 10.

All manufacturing operations, particularly those involving the synthesis and formulation of chemicals, inevitably give rise to some wastes which require safe disposal. We are very conscious of our responsibility to the community and all toxic chemicals are effectively neutralised. Matters affecting the environment are of great moment to us and we have a senior member of the staff who is solely concerned with our practice and reputation in this field.

Boots International Ltd.

This the fourth of our main subsidiaries was formed last autumn and is a management company broadly responsible for all our foreign business.

Direct exports at £7.3m. again made very substantial progress showing an increase of over 30% over the previous year. Our most successful individual product has undoubtedly been Brufen. Since its first introduction overseas in 1969 it is now accepted by the Health Authorities and marketed successfully in seventy countries, and we are continuing our efforts to obtain registration in the few remaining



April 1971 saw the relaunch of our No7 cosmetic range. Some 200 products supported by advertising were made available on the particular day, and results have exceeded our forecasts.

Opposite. Some of Boots own brand suntan products recently re-packaged.



countries of the world where it is not yet available. Agro chemical exports increased by 34%.

Sales by our overseas companies also continued to show dramatic growth and increased by 24% to £9.6m. All produced good results including Pakistan where half the market was lost in the East to what is now Bangladesh. Probably the best performance was in Nigeria where sales increased by 40% for the second successive year.

It might be noted that the re-alignment of international currency parities in August and December last reduced the sterling equivalents of our foreign transactions by £350,000 of sales. Over the last five years the total turnover of Boots International operations has trebled and we expect this rate of progress to continue. In this connection my colleagues and I welcome accession to the European Economic Community.

Research and Development

Research and development on new products continue to cover a wide range of interests in the medical and agricultural areas. During the last year we have continued our policy of selective expansion of the department, particularly in the areas of rheumatic and cardiovascular diseases, and in those areas concerned with the demonstration of the safety of the company's products. We are engaged in clinical trials of a new anti-rheumatic agent, although it is too soon to say whether it will have advantages over Brufen.

Arising from our agricultural research programme in Nottingham we have a new insecticide which has potential

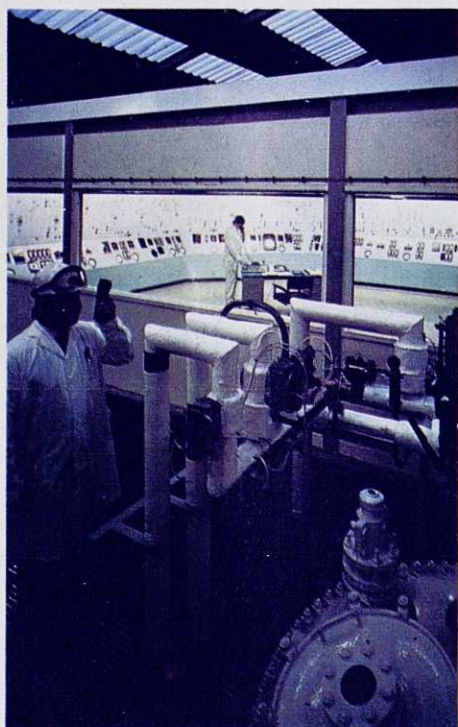
applications in crop protection and animal husbandry. Our Australian research unit at Kooree in New South Wales is making a significant contribution in the development of this product candidate, which is currently undergoing field trials in many countries of the world.

People

We continue to enjoy most happy relations with our staff. Numbers employed are approximately the same notwithstanding the big increase in throughput and business during the year, which increase has earned an additional £837,000 of profit earning bonus making a total of £3m. to be divided amongst the staff.

Training is basic to efficiency and job satisfaction and shareholders might be interested to learn of the extent of our efforts. We have 52 regional training establishments, and a very fully developed centre in Nottingham where some 3,750 people received training of one kind or another during the year. We make use of the London and Manchester Business Schools, the Henley Staff College, Ashbridge Management College, the Oxford Summer School and the Harvard Business School of America. Altogether we are currently spending more than £500,000 per annum on training.

The aim of every company should be to create conditions where staff derive the greatest satisfaction from their work. Satisfaction is provided by job interest and security, good communications, involvement and opportunity, as well as by material rewards. I believe we are recognised for the interest we take in the



Three illustrations here indicate our interest in the environment. One is of an installation to recover chlorinated solvents to prevent difficulties in sewage treatment. Another shows sound meter tests being taken, and the third shows a view of the River Trent near Nottingham, the increasing purity of which is a matter of major importance.

Below. Simmental cattle imported from Germany as part of the commercial research at West Drums Farm in Scotland.

Opposite. The control room of the Brufen manufacturing plant. The Crookes factory at Basingstoke.



welfare of our staff and our zeal in this direction will not abate.

As stated earlier we have had a successful year and I would like to say a special thank you to our staff everywhere for their work, their enthusiasm and their willing co-operation in a joint endeavour which is of great size and not unsuccessful. It is the skills and efforts of people which produce these results and I am sure shareholders will be among the first to recognise this. Each person will I hope accept this message for the contribution which he or she has made.

increase the annual growth rate of the economy to 5% will be an added encouragement to consumer expenditure. But naturally we have anxiety over the persistent national wage claims and subsequent settlements, which are often far ahead of any likely increase in productivity, as such demands can only result in a further erosion of the value of money and be against the interests of everybody. We like most other traders can only continue with price restraint if the T.U.C. and the Unions give evidence of responsible intent and one which is likely to have practical effect.

At the end of December Mr. K. H. Harper retired from our Board after 38 years of distinguished service with the company mainly on the manufacturing side. Many manufacturing changes ahead of their time were due to him and we are indebted to him for his contribution to our affairs. We were all delighted when he was honoured by being made a Fellow of the Pharmaceutical Society and we wish him many happy years of retirement.

The excellent results which I am able to report are a tribute to the skill of the management team led by the Managing Director, and we are in a good position to take care of whatever may come. All aspects of the business are organised for further growth. Apart from obvious uncertainties I see no reason why the progress of the past year should not continue.

General Review

As shareholders will know, our offer to acquire the share capital of Glaxo with a view to merger was referred to the Monopolies Commission. We have submitted a large amount of evidence both in writing and verbally and the Commission is expected to announce its findings towards the end of June. My letters at the time to shareholders, plus the very wide press coverage, made the fullest information available and I have nothing further to add at the present time.

When looking at the prospects for the current year, the Chancellor's plans to



Staff facilities:

Below. Branch canteen shared by Boots and Timothy Whites staff, Chelmsley Wood.

Below right. Retail staff attending a study course at Head Office, Nottingham.

Lower left and right. Knowle House, Great Missenden. Used during and since the 1939-45 War as the Company Rest Home—staff of the Belfast branch are seen here relaxing during recent visits.

Opposite. Boots operations in the Commonwealth:

Retail Pharmacy in Porirua—one of our fourteen shops in New Zealand. Factory and Offices in North Rock, Sydney—the home of the Boots (Australia) Company. Mobile sales van with staff—operated by the Boots (Nigeria) Company.



Dates and facts to note

Dividend and interest payments

Ordinary dividends

Interim:

Announced November. Paid January.

Final:

Proposed May. Paid July.

6% loan stock interest

Paid 30th June, 30th September,
31st December and 31st March.

6½% loan stock interest

Paid 1st September and 1st March.

7½% loan stock interest

Paid 30th September and 31st March.

8% loan stock interest

Paid 31st July and 31st January.

Results

First half-year results

Announced November.

Results for the year

Announced May.

Report and accounts

Circulated June.

For capital gains tax purposes the
market value of a Boots share on
6th April 1965 was 80p and of
£100 6% loan stock was £90·37½.

Group profit and loss account

for the year ended 31st March 1972

	Notes	1972 £000	1971 £000
Net world sales		<u>303,540</u>	<u>257,387</u>
Trading profit	2	35,097	25,810
Deduct interest on loan capital		<u>855</u>	<u>857</u>
Profit before taxation		34,242	24,953
Deduct taxation	3	<u>14,543</u>	<u>10,645</u>
Profit after taxation		19,699	14,308
Deduct profit attributable to minority interests		<u>86</u>	<u>86</u>
Profit attributable to shareholders	4	19,613	14,222
Deduct dividends paid and proposed			
Interim of 8% already paid (1971 7%)		3,562	3,116
Proposed final of 14% making a total of 22% (1971 total 19%)		6,233	5,343
		<u>9,795</u>	<u>8,459</u>
Profit retained and included in reserves		<u>9,818</u>	<u>5,763</u>

The notes on pages 18 to 21 form part of the accounts

Group balance sheet

31st March 1972

	Notes	1972 £000	1971 £000
CAPITAL EMPLOYED			
Shareholders' interests			
Share capital	5	44,521	44,521
Share premium		3,289	3,289
Reserves	6	60,134	51,577
		<u>107,944</u>	<u>99,387</u>
Loan capital	7	12,347	12,432
Minority interests		516	483
Deferred taxation	1	4,430	3,523
		<u>125,237</u>	<u>115,825</u>
EMPLOYMENT OF CAPITAL			
Fixed assets	8	99,469	95,783
Unquoted investments	10	34	15
Net current assets			
Stock	1	48,344	44,426
Debtors		17,609	15,763
Cash at bankers and short term investments		18,697	12,841
		<u>84,650</u>	<u>73,030</u>
		Less:	
Creditors		34,399	29,676
Due to bankers	11	4,131	7,380
Taxation	3	14,153	10,604
Final dividend		6,233	5,343
		<u>58,916</u>	<u>53,003</u>
		<u>25,734</u>	<u>20,027</u>
		<u>125,237</u>	<u>115,825</u>
W. R. NORMAN	Directors		
G. I. HOBDAV			

The notes on pages 18 to 21 form part of the accounts

Balance sheet

31st March 1972

	Notes	1972 £000	1971 £000
CAPITAL EMPLOYED			
Shareholders' interests			
Share capital	5	44,521	44,521
Share premium		3,289	3,289
Reserves	6	26,998	21,536
		<u>74,808</u>	<u>69,346</u>
Loan capital	7	8,187	8,187
Deferred taxation	1	1,421	1,241
		<u>84,416</u>	<u>78,774</u>
EMPLOYMENT OF CAPITAL			
Fixed assets	8	19,769	24,192
Subsidiaries	9	59,386	56,196
Net current assets			
Stock	1	19,335	17,847
Debtors		11,075	11,315
Cash at bankers and short term investments		17,860	11,016
		<u>48,270</u>	<u>40,178</u>
Less:			
Creditors		27,411	25,089
Due to bankers		3,723	6,852
Taxation	3	5,642	4,508
Final dividend		6,233	5,343
		<u>43,009</u>	<u>41,792</u>
		5,261	(1,614)
		<u>84,416</u>	<u>78,774</u>
W. R. NORMAN	Directors		
G. I. HOBDAV			

The notes on pages 18 to 21 form part of the accounts

Notes relating to the accounts

1. Accounting policies

(a) Depreciation

Depreciation is calculated to write off the assets during their expected normal lives. All buildings and shop fixtures and fittings are depreciated in equal annual instalments, and plant, including vehicles, by fixed percentages of residual book values.

(b) Stock

Stock is valued at the lower of cost and net realisable value. Factory overheads are included in manufacturing cost; warehouse and delivery costs are not included in the valuation of retail stocks.

(c) Subsidiaries

(i) Accounts of overseas subsidiaries have been converted into sterling at rates of exchange approximating to those ruling at 31st March 1972.

(ii) The accounts of certain subsidiaries have been made up to 31st December 1971 in order to avoid undue delay in the presentation of the group accounts.

(d) Research and development

Expenditure, other than on buildings and plant, is charged against profits in the year in which it is incurred.

(e) Deferred taxation

Deferred taxation represents the effect of the allocation for taxation purposes of income and expenditure (including depreciation) to periods different from those used for accounting purposes.

2. Trading profit (see note 1)

	1972	1971
	£000	£000

(a) Trading profit is after adding:

Income from short term investments	870	876
Income from unquoted investments	1	1
	—	—

and after deducting:

Depreciation	5,177	4,965
Profit earning bonus for staff	3,059	2,222
Bank and other short term interest	159	95
Computer and plant hire	347	331
Remuneration of auditors	32	25

Emoluments of directors of parent company:

As directors	12	15
As executives	173	183
Past director's pension	1	1
Payment to past directors	—	43
	— 186	— 242

(b) Emoluments of directors:

Chairman	18	18
Highest paid director	25	25

Number

	Number	Number
Others:		
£20,001 to £22,500	—	1
£17,501 to £20,000	1	1
£15,001 to £17,500	3	2
£12,501 to £15,000	1	—
£10,001 to £12,500	1	—
£7,501 to £10,000	—	2
Under £2,500	5	5

No director of the company has a contract of service.

(c) Number of senior employees earning:

£10,001 to £12,500	2	—
--------------------	---	---

Notes relating to the accounts—continued

3. Taxation	1972	1971
	£000	£000
The amount charged for taxation on the profit of the year consists of:		
UK corporation tax at 40%	13,134	9,792
Deduct relief for overseas taxation	178	134
	<u>12,956</u>	<u>9,658</u>
Transfer to provision for deferred taxation	907	487
	<u>13,863</u>	<u>10,145</u>
Total UK taxation	13,863	10,145
Overseas taxation	768	550
	<u>14,631</u>	<u>10,695</u>
Adjustment for previous years	(88)	(50)
Charge to profit and loss account	<u>14,543</u>	<u>10,645</u>

No provision has been made for taxation liabilities which would arise on the distribution of profits retained by overseas subsidiaries.

4. Profit retained by parent company	1972	1971
	£000	£000
Attributable to shareholders	19,613	14,222
Deduct profit retained by subsidiaries	4,311	2,553
	<u>15,302</u>	<u>11,669</u>
Profit of parent company	15,302	11,669
Deduct dividends paid and proposed	9,795	8,459
	<u>5,507</u>	<u>3,210</u>
Retained by parent company	<u>5,507</u>	<u>3,210</u>

5. Share capital	1972	1971
	£000	£000
Ordinary shares of 25p each:		
Authorised	50,000	50,000
Issued and fully paid	44,521	44,521

6. Reserves	Group	Parent
	£000	£000
At 31st March 1971	51,577	21,536
Profit of the year retained	9,818	5,507
Losses on sales of properties	(345)	66
Goodwill written off	(811)	—
Losses on currency realignments	(101)	(96)
Miscellaneous	(4)	(15)
	<u>60,134</u>	<u>26,998</u>
At 31st March 1972	60,134	26,998

7. Loan capital	1972	1971
	£000	£000

PARENT

Unsecured:		
6% loan stock 1978/83	2,066	2,066
7½% loan stock 1988/93	6,121	6,121
	<u>8,187</u>	<u>8,187</u>

SUBSIDIARIES

Secured:		
3¼% first mortgage debenture stock 1982	1,000	1,000
4⅞% mortgage loan	321	380
7¼% mortgage loan 1993	24	—
Unsecured:		
6¼% loan stock 1983/88	1,143	1,177
8% loan stock 1986/91	1,660	1,676
Others	12	12
	<u>12,347</u>	<u>12,432</u>

- (a) All loans are repayable at par, except the 8% loan stock, which is repayable at £105 per cent.
- (b) The 4⅞% mortgage loan is repayable after 1st March 1977 on notice from the lenders.
- (c) The 6¼% and 8% loan stocks are redeemable by yearly sinking funds.

Notes relating to the accounts—continued

		GROUP			PARENT				
		Property £000	Fixtures and plant £000	Total £000	Property £000	Fixtures and plant £000	Total £000		
8. Fixed assets									
Cost or valuation	At 1st April 1971	82,658	46,816	129,474	21,360	17,630	38,990		
	Subsidiaries acquired	1,187	800	1,987	—	—	—		
	Capital expenditure	4,874	5,763	10,637	234	1,851	2,085		
	Disposals	(3,429)	(1,936)	(5,365)	(139)	(738)	(877)		
	Transfers and adjustments	(40)	(44)	(84)	(5,038)	3	(5,035)		
	At 31st March 1972:	85,250	51,399	136,649	16,417	18,746	35,163		
	Cost	33,499	51,399	84,898	6,734	18,746	25,480		
	Independent valuation 1958	9,707	—	9,707	9,683	—	9,683		
	1959	1,460	—	1,460	—	—	—		
	1965	39,484	—	39,484	—	—	—		
	Directors' valuation 1971	1,100	—	1,100	—	—	—		
		85,250	51,399	136,649	16,417	18,746	35,163		
Depreciation	At 1st April 1971	11,034	22,657	33,691	4,395	10,403	14,798		
	Subsidiaries acquired	12	397	409	—	—	—		
	Depreciation for year (note 1)	1,492	3,685	5,177	405	1,143	1,548		
	Disposals	(453)	(1,617)	(2,070)	(41)	(600)	(641)		
	Transfers and adjustments	(9)	(18)	(27)	(310)	(1)	(311)		
	At 31st March 1972	12,076	25,104	37,180	4,449	10,945	15,394		
Net book value at 31st March 1972		73,174	26,295	99,469	11,968	7,801	19,769		
		Freehold £000	Long lease £000	Short lease £000	Total £000	Freehold £000	Long lease £000	Short lease £000	Total £000
(a) The tenure of properties is as follows:									
	Cost or valuation	64,929	9,791	10,530	85,250	15,635	44	738	16,417
	Depreciation	7,567	975	3,534	12,076	4,147	12	290	4,449
	Net book value	57,362	8,816	6,996	73,174	11,488	32	448	11,968
(b) The approximate amounts approved by the directors in respect of capital expenditure not provided for in these accounts are as follows:									
		1972 £000	1971 £000		1972 £000	1971 £000			
	Contracts placed	5,429	4,356		921	1,031			
	Contracts not placed	2,885	1,518		176	124			
		8,314	5,874		1,097	1,155			

Notes relating to the accounts—continued

9. Subsidiaries	1972	1971
	£000	£000
<hr/>		
(a) Investments:		
At book value of net assets at acquisition	15,268	15,268
At par or cost, less provisions	12,489	11,340
	<hr/>	<hr/>
	27,757	26,608
	<hr/>	<hr/>
(b) Loans:		
Due to parent	11,236	10,186
Due to subsidiaries	(23)	(23)
Current accounts:		
Due to parent	22,270	19,464
Due to subsidiaries	(1,854)	(39)
	<hr/>	<hr/>
	31,629	29,588
	<hr/>	<hr/>
	59,386	56,196
	<hr/>	<hr/>

(c) A list of the principal subsidiaries is shown on page 2.

10. Unquoted investments

Unquoted investments of the group are valued by the directors at £42,000.

11. Due to bankers

Overdrafts of certain overseas subsidiaries amounting to £241,000 at 31st December 1971 (1970, £416,000) were secured on the assets of those subsidiaries.

12. Company status

The Boots Company Ltd. is not a close company.

Report of the auditors

to the members of The Boots Company Limited

We have examined the foregoing balance sheet, group balance sheet and group profit and loss account. The accounts of certain subsidiaries have been audited by other firms.

In our opinion the balance sheet and the group accounts comply with the Companies Acts, 1948 and 1967, and give respectively a true and fair view of the state of the company's affairs at 31st March 1972 and, so far as concerns members of the company, a true and fair view of the state of affairs and of the profit of the group.

PEAT, MARWICK, MITCHELL & CO., Chartered accountants, Birmingham and London.
11th May 1972

Group financial record



Capital employed

Share capital
Reserves
Shareholders' interests
Preference and loan capital
Minority interests
Provisions
Deferred taxation

Employment of capital

Fixed assets
Net current assets

Sales and profits

Net world sales
Profit before taxation
Taxation
Minority interests
Dividends (gross)
Income tax on dividends

Funds retained

Profit retained
Depreciation

Capital expenditure

Other statistics

Earnings per share
Gross dividend per share adjusted for scrip issues
Dividend % adjusted for scrip issues
Profit (before interest on loan capital and taxation) as % of capital employed

£m.										
1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	
44.5	44.5	44.5	44.5	38.4	38.4	38.4	38.4	25.6	25.6	
63.4	54.9	49.5	45.4	39.1	35.1	31.8	25.4	22.6	19.8	
107.9	99.4	94.0	89.9	77.5	73.5	70.2	63.8	48.2	45.4	
12.4	12.4	12.5	12.6	2.1	2.1	2.1	2.1	3.5	3.5	
.5	.5	.4	.4	.3	.2	.2	—	—	—	
—	—	.1	1.9	.9	.9	.9	.9	1.0	1.0	
4.4	3.5	3.4	3.1	2.6	2.0	1.6	1.6	1.2	.7	
125.2	115.8	110.4	107.9	83.4	78.7	75.0	68.4	53.9	50.6	
99.5	95.8	91.9	89.8	70.4	67.5	63.4	†58.7	42.4	40.0	
25.7	20.0	18.5	18.1	13.0	11.2	11.6	9.7	11.5	10.6	
125.2	115.8	110.4	107.9	83.4	78.7	75.0	68.4	53.9	50.6	
303.5	257.4	223.9	212.2	161.6	150.9	142.8	130.0	119.3	111.1	
34.2	25.0	20.2	19.1	16.8	14.9	15.2	14.9	11.6	9.6	
14.5	10.7	9.2	9.1	7.6	6.0	5.7	8.0	6.2	5.0	
19.7	14.3	11.0	10.0	9.2	8.9	9.5	6.9	5.4	4.6	
.1	—	—	—	—	—	—	—	—	—	
9.8	8.5	7.6	6.7	5.6	5.4	5.4	*4.7	*3.9	*3.4	
—	—	—	—	—	—	(1.8)	(1.9)	(1.5)	(1.3)	
9.8	5.8	3.4	3.3	3.6	3.5	5.9	4.1	3.0	2.5	
5.2	4.9	4.4	4.2	3.6	3.2	2.9	2.5	2.3	2.0	
15.0	10.7	7.8	7.5	7.2	6.7	8.8	6.6	5.3	4.5	
10.6	9.5	8.3	6.2	6.9	8.1	8.4	7.5	4.8	5.1	
11.0p	8.0p	6.2p	5.6p	6.0p	5.8p	6.2p	Not comparable			
5.5p	4.8p	4.3p	3.7p	3.6p	3.5p	3.5p	3.0p	2.5p	2.2p	
22.0	19.0	17.0	14.999	14.49	14.0	14.0	12.0	10.0	8.7	
28.0	22.3	19.1	18.4	20.3	19.0	20.5	20.6	21.8	19.3	

* Including preference dividends.

† Including a revaluation surplus.

Directors and officers of principal subsidiaries



BOOTS THE CHEMISTS LTD.

G. I. Hobday, Chairman
D. E. M. Appleby
R. N. Gunn
H. J. Hann
J. P. T. Hutchings, M.P.S.
W. D. Jarrett, M.P.S.
B. Jefferies
I. V. Mitchell
W. K. S. Moore, M.B., B.Chir.
A. G. Price, M.P.S.
K. Rickman, M.P.S.
A. P. Ridley-Thompson
T. B. Robson, M.P.S.
J. M. T. Ross, F.P.S.
W. Smith, M.P.S.
A. D. Spencer
T. M. Tannahill, F.P.S.
J. I. Thomson, M.P.S.
K. F. Whynes, M.P.S.
A. G. S. Wilkes
F. W. Wright, M.P.S.

H. T. Milnes
D. N. Edmundson

Joint secretaries

TIMOTHY WHITES & TAYLORS LTD.

G. I. Hobday, Chairman
D. E. M. Appleby
T. K. W. Davies
B. Jefferies
J. A. Prescott, M.P.S.
A. D. Spencer

H. T. Milnes
D. N. Edmundson

Joint secretaries

BOOTS PURE DRUG CO. LTD.

G. I. Hobday, Chairman
D. E. M. Appleby
E. L. Archer
L. A. Coombs
S. A. Hibbert, M.P.S.
B. Jefferies
P. T. Main, M.D.
A. G. S. Wilkes
G. W. Woodings
H. T. Milnes, Secretary

BOOTS INTERNATIONAL LTD.

G. I. Hobday, Chairman
D. E. M. Appleby
L. A. Coombs
B. Jefferies
P. T. Main, M.D.
K. T. Robinson
A. G. S. Wilkes
H. T. Milnes, Secretary

Shareholders' interests

Shareholdings range	Shareholders		Shares	
	Number	%	Number	%
1—500	64,099	55.6	15,343,745	8.6
501—1,000	23,177	20.1	17,448,464	9.8
1,001—10,000	26,795	23.3	65,516,223	36.8
10,001—100,000	1,012	.9	25,933,204	14.5
100,001—1,000,000	144	.1	35,525,630	20.0
Over 1,000,000	10	—	18,316,702	10.3
	<u>115,237</u>		<u>178,083,968</u>	

Category of shareholders	Shareholders		Shares	
	Number	%	Number	%
Pension funds	176	.1	6,123,648	3.4
Insurance companies	337	.3	21,819,901	12.2
Investment trusts	355	.3	6,313,845	3.6
Bank and nominee companies	1,169	1.0	37,629,492	21.1
Other corporate bodies	5,551	4.8	11,499,082	6.5
Other shareholders	107,649	93.5	94,698,000	53.2
	<u>115,237</u>		<u>178,083,968</u>	

Directors' shareholdings and transactions

The names of the directors and the interests of each director and his family in the share and loan capital of the company at 31st March 1972 are shown below. Holdings at 1st April 1971, or at the date of appointment within the year, are shown in brackets where these differ.

	Number of shares		Loan stock
	Beneficially held	Otherwise held	All beneficially held £
W. R. Norman, Chairman	41,955	174	—
G. I. Hobday, Managing director	10,000 (8,500)	—	101
D. E. M. Appleby	1,400 (1,000)	—	—
J. H. Arkell, C.B.E.	1,000	—	—
L. A. Coombs	1,000	—	—
B. Jefferies	1,650	—	177
Sir James Pitman, K.B.E.	12,029	—	—
Lord Redmayne, P.C., D.S.O.	2,000	—	—
A. D. Spencer	1,250	—	—
M. J. Verey	3,650	10,300	—
A. G. S. Wilkes	354	—	—

